



Agenda Date: 06/05/02

Agenda Item: 2A

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

IN THE MATTER OF THE PROVISION)
OF BASIC GENERATION SERVICE ("BGS"))
PURSUANT TO THE ELECTRIC DISCOUNT AND)
ENERGY COMPETITION ACT, N.J.S.A. 48:3-57)

ENERGY

**ORDER ESTABLISHING
PROCEDURES**

DOCKET NO. EX01110754

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Electric Discount and Energy Competition Act of 1999 ("EDECA"), N.J.S.A. 48: 3-49 et seq., provides that for at least three years from the starting date of electric retail choice and until the Board finds it no longer necessary, and in the public interest, electric public utilities shall provide Basic Generation Service ("BGS") N.J.S.A. 48: 3-57(a). In addition, pursuant to N.J.S.A. 48:3-57(c), the Board is required, no later than three years after the August 1, 1999 starting date of retail electric competition, to issue a decision as to whether to make available on a competitive basis the opportunity to provide BGS to any electric power supplier, any electric public utility, or both.

After an extensive proceeding, the Board, by Order dated December 11, 2001, determined that for Year 4 of the Transition Period (August 1, 2002-July 31, 2003), the electric utilities should continue to provide BGS, with the procurement of supply to meet the full electricity requirements of BGS customers to be achieved via an auction process. The Board further determined that a further review as to whether to make BGS available on a competitive basis for Year 5 (August 1, 2003- July 31, 2004) and beyond, would be undertaken pursuant to a separate scheduling order.

By Order dated January 10, 2002, the Board solicited information from interested parties so that it could make a timely decision whether BGS should be provided on a competitive basis for Year 5 and beyond, and the appropriate pricing mechanism for BGS after August 1, 2003. The Board issued a list of questions concerning competitive BGS to all interested parties. Responses were received from the following parties: Public Service Electric & Gas Co ("PSE&G"); Conectiv Power Delivery ("Conectiv"); Williams Energy Marketing & Trading Co. ("Williams"); Independent Energy Producers of New Jersey ("IEPNJ"); Division of the Ratepayer Advocate ("RA"); National Energy Marketers Association ("NEMA"); Jersey Central Power & Light Co. ("JCP&L"); AES NewEnergy Inc. ("AES"); Rockland Electric Co. ("RECO"); Reliant Resources, Inc. ("Reliant"); the New Power Co. ("New Power"); and Mid-Atlantic Power Supply Assoc. ("MAPSA"). The

January 10, 2002 Order also directed Staff to meet with interested parties in a working group-like setting to discuss the major issues, explore possible areas of common ground, determine where differences exist and identify potential solutions. Upon completion of the two working group meetings and review of the written comments, the Board has determined that additional information in the form of formal, detailed proposals are required from the parties.

The Board has further determined that the proposals should include the following guidelines, and has set out the attached procedural schedule for resolution of this case. The guidelines call for specific issues to be addressed in the proposals, although further suggestions are both welcome and encouraged. The proposals must include detailed implementation plans to deal with potentially difficult procedural issues, if applicable, such as customer assignment, licensing and affiliate standards, electronic data interface ("EDI") issues, and the appropriate provider of last resort or backstop provider. As per the attached procedural schedule, proposals must be filed no later than July 1, 2002.

The guidelines for the proposals reflect the areas of concern raised by the parties in their written comments and at the working group meetings. The guidelines are as follows:

- BGS proposals may be submitted separately for specific customer classes, such as residential and small commercial customers, and large commercial and industrial customers.
- There appears to be a consensus that future BGS schedules should be consistent with the PJM planning period (beginning June 1 of each year). The proposals should address the issue of whether the initial post-Transition Period program should be for 10 months or 22 months.
- Indicate how large customers should be priced (i.e., hourly or monthly). Provide the necessary calculations, and suggestions as to how to implement the proposal.
- Indicate whether there should be a separate category for medium-sized customers. If so, how should such customers be priced (hourly, monthly)? Provide the necessary calculations and explanations as to how to implement the proposal.
- Indicate what constitutes large vs. small commercial customers, and whether this should be implemented on a statewide basis.
- If interval meters must be installed for hourly pricing, who should pay for them? Provide estimated costs for such meters, and installation costs.
- Address switching requirements, if any, for commercial and industrial customers.
- Any party that proposes a retail BGS plan should address compliance with applicable regulations such as licensing requirements and/or affiliate standards, and discuss any modifications or revisions that may be required.
- Any party proposing a retail BGS plan should address customer assignment issues, including, if necessary, changes to statutory regulations that may be required.
- Parties should also address the renewable portfolio obligations, as well as committed supply (NUGs), and uncommitted supply.

- Any party proposing multiple BGS providers should address EDI implementation issues.

The Board therefore ORDERS the utilities and other interested parties to file formal proposals by July 1, 2002 on how BGS should be procured for the post-Transition Period. The Board FURTHER ORDERS that the proposals address the guidelines outlined in this Order. Finally, the Board ADOPTS the schedule to this Order, as reflected in Attachment A.

DATED:

June 6, 2002

BOARD OF PUBLIC UTILITIES
BY:

Signed

JEANNE M. FOX
PRESIDENT

Signed

FREDERICK F. BUTLER
COMMISSIONER

Signed

CAROL J. MURPHY
COMMISSIONER

Signed

CONNIE O. HUGHES
COMMISSIONER

ATTEST:

Signed

KRISTI IZZO
SECRETARY